

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>STBTC</u>	<b>LAST UPDATED</b> _____
	<b>ORIGINAL DATE</b> <u>2/13/2023</u>
<b>SHORT TITLE</b> <u>Airport Improvement Funds</u>	<b>BILL</b> <u>CS/Senate Bill</u>
	<b>NUMBER</b> <u>104/STBTCS</u>
	<b>ANALYST</b> <u>Simon</u>

### APPROPRIATION\* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$314,225.1	Nonrecurring	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 3, as amended, and House Bill 78  
 Relates to appropriation in the General Appropriation Act

### Sources of Information

LFC Files

#### Responses Received From

Department of Transportation (NMDOT)  
 Tourism Department (NMTD)  
 Economic Development Department (EDD)  
 Municipal League

## SUMMARY

### Synopsis STBTC Substitute of Senate Bill 104

The Senate Tax, Business and Transportation Committee Substitute for Senate Bill 104 (SB104/STBTCS) appropriates \$314 million to airports around the state for improvements. Funds would be authorized from FY24 through FY27.

This bill does not contain an effective date; however, expenditure would be authorized from FY24 through FY27.

## FISCAL IMPLICATIONS

SB104/STBTCS would appropriate \$314 million to the Department of Transportation (NMDOT) for improvements to 49 airports throughout the state. A list of the airports and the amount earmarked for each is included as Attachment 1. Analysis from the Municipal League notes the appropriations included in the bill are based on the Airport Capital Improvement Planning

process. The appropriation contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 will revert to the general fund.

House Bill 3, as amended by the House Transportation, Public Works and Capital Improvements Committee includes \$5 million from the general fund for airport improvements. The House Appropriations and Finance Committee has taken preliminary action to adopt recommendations of HB3/aHTPWC for inclusion in the General Appropriation Act. Additionally, HB3/aHTPWC appropriates \$5.2 million of state aviation fund balance for airport improvements in FY24.

## SIGNIFICANT ISSUES

The Aviation Division of NMDOT provides financial assistance to airports across the state for improvements, including maintenance, equipment purchases, fuel infrastructure, and improvements to terminal buildings, hangars, and storage facilities. In some cases, local airports can use improvement funds to leverage federal funding for improvement projects. In analysis on a separate bill earmarking additional tax revenue to the state aviation fund, NMDOT notes some projects can be supported by 90 percent federal funds, with a 10 percent local match.

The state aviation fund, which covers division operations as well as grants to local airports, receives distributions of tax revenue from gross receipts tax on the sale of jet fuel and gasoline, as well as monthly distributions of gross receipts tax revenue that would otherwise go to the general fund. The department's FY23 operating budget includes \$5.9 million for the Aviation Division, including \$4.8 million for grants to local airports. However, NMDOT reports current revenues into the state aviation fund are insufficient to fully fund a backlog of projects. The division estimates total unmet need of more than half a billion dollars.

In recent years, the Legislature has supplemented revenue into the state aviation fund with nonrecurring general fund appropriations, making this additional recurring distribution potentially redundant. In 2021, the Legislature included \$10 million in the special session appropriation bill for regional airports and an additional \$5 million was included in the General Appropriation Act of 2022. Information from the state's accounting system shows that although these funds have been committed to projects by the department, a majority have yet to be spent (funds are distributed on a reimbursement basis). The department has committed \$14.9 million of the \$15 million appropriated but, as of January 30, only \$1,535 has been expended.

Analysis from the Tourism Department notes a recent joint study with NMDOT found a need for improving ground transportation infrastructure—rental cars and public transportation options—to allow regional airports to better serve visitors. Many regional airports currently lack sufficient options for travelers, according to the department.

## TECHNICAL ISSUES

SB104/STBTCS appropriates \$314,225,094 dollars, but individual earmarks total \$314,225,091, leaving \$3 unallocated. The \$3 would revert to the general fund at the end of FY27.

### Attachments

1. Appropriations Included in Senate Bill 104

### Appropriations Included in Senate Bill 104/STBTCS

Location	Airport	Amount
Alamogordo	Alamogordo-White Sands	\$15,545,407
Albuquerque	Double Eagle II	\$6,606,424
Angel Fire	Angel Fire Airport	\$1,779,102
Artesia	Artesia Municipal Airport	\$8,716,444
Aztec	Aztec Municipal Airport	\$1,577,777
Belen	Belen Regional Airport	\$3,708,700
Carlsbad	Cavern City Air Terminal	\$5,966,610
Carrizozo	Carrizozo Municipal Airport	\$1,523,111
Clayton	Clayton Municipal Park	\$1,212,222
Clovis	Clovis Regional Airport	\$37,086,507
Conchas Dam	Conchas Lake Airport	\$341,667
Crownpoint	Crownpoint Airport	\$1,908,000
Deming	Deming Municipal Airport	\$962,222
Dulce	Jicarilla Apache Nation Airport	\$2,038,500
Espanola	Ohkay Owingeh Airport	\$6,746,977
Farmington	Four Corners Regional Airport	\$13,615,334
Fort Sumner	Fort Sumner Municipal Airport	\$2,911,110
Gallup	Gallup Municipal Airport	\$23,370,437
Grants	Grants-Milan Municipal Airport	\$5,519,944
Hatch	Hatch Municipal Airport	\$3,049,805
Hobbs	Lea County Regional Airport	\$22,293,829
Jal	Jal-Lea County Airport	\$2,955,197
Las Cruces	Las Cruces International Airport	\$17,599,501
Las Vegas	Las Vegas Municipal Airport	\$1,226,444
Lordsburg	Lordsburg Municipal Airport	\$1,377,500
Los Alamos	Los Alamos Airport	\$1,164,444
Lovington	Lea County-Zip Franklin	\$2,270,554
Magdalena	Magdalena Airport	\$2,008,333
Moriarty	Moriarty Municipal Airport	\$2,578,940
Navajo Dam	Navajo Lake Airport	\$150,000
Portales	Portales Municipal Airport	\$2,947,222
Questa	Questa Municipal Airport	\$722,000
Raton	Raton Municipal/Crews Field	\$5,043,143
Reserve	Reserve-Catron County Airport	\$1,785,000
Roswell	Roswell Air Center	\$51,372,854
Ruidoso	Sierra Blanca Regional Airport	\$9,629,444
Santa Fe	Santa Fe Municipal Airport	\$4,492,944
Santa Rosa	Santa Rosa Route 66 Airport	\$2,886,444
Santa Teresa	Dona Ana County Jetport	\$1,895,444
Shiprock	Shiprock Airstrip	\$5,673,222
Silver City	Grant County Airport	\$3,044,444
Socorro	Socorro Municipal Airport	\$3,597,616
Springer	Springer Municipal Airport	\$4,366,666
Taos	Taos Regional Airport	\$6,002,000
Tatum	Tatum Airport	\$22,222
Truth or Consequences	Truth or Consequences Municipal	\$3,601,446
Tucumcari	Tucumcari Municipal Airport	\$1,725,716
Vaughn	Vaughn Municipal Airport	\$2,934,222
Pueblo of Zuni	Zuni Airport	\$4,672,000
<b>Statewide Total</b>		<b>\$314,225,091</b>